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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

OMB APPROVAL
OMB Number: 3235-0123
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Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01-Jan-11 AND ENDING 31-Dec-11

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Smith Asset Management Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

111 Broadway- 808  
(No. and Street)  
New York NY 10006  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
William Smith 212-812-9330  
(Area code- Telephone number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Donahue Associates, LLC  
(Name- if individual, state last, first, middle name)  
27 Beach Road- Suite C05A Monmouth Beach NJ 07750  
(Address) (City) (State) (Zip code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

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\* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

Potential persons who are to respond to the collection of  
information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.

SEC 1410 (06-02)



\*KW  
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Na.  
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# OATH OR AFFIRMATION

I, William Smith, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Smith Asset Management Inc., as of December 31, 2011, are true and correct, I further swear (or affirm) that neither company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Evelyn Hennigar  
Notary Public

EVELYN HENNIGAR  
Notary Public, State of New York  
No 01HE8146760  
Qualified in Richmond County  
Commission Expires May 22, 2014

[Signature]  
Signature  
[Signature]  
Title

This report \*\* contains (check applicable boxes):

- |                                     |   |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | (a) Facing Page   |
| <input checked="" type="checkbox"/> | (b) Statement of Financial Condition  |
| <input checked="" type="checkbox"/> | (c) Statement of Income (Loss)  |
| <input checked="" type="checkbox"/> | (d) Statement of Changes in Financial Condition   |
| <input checked="" type="checkbox"/> | (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital  |
| <input type="checkbox"/>            | (f) Statement of Changes in Liabilities Subordinated to the Claims of Creditors   |
| <input checked="" type="checkbox"/> | (g) Computation of Net Capital(including reconciliation of X-17A-5 Part II filing with this Rule 17a-5(d) report, if applicable)  |
| <input type="checkbox"/>            | (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3   |
| <input type="checkbox"/>            | (i) Information relating to the Possession of Control Requirements Under Rule 15c3-3  |
| <input checked="" type="checkbox"/> | (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for determination of the Reserve Requirements Under Exhibit A of rule 15c3-3. |
| <input type="checkbox"/>            | (k) A Reconciliation between the audited and the unaudited Statements of Financial Condition with respect to the methods of consolidation.  |
| <input checked="" type="checkbox"/> | (l) An Oath or Affirmation  |
| <input checked="" type="checkbox"/> | (m) A copy of the SIPC Supplemental Report.   |
| <input checked="" type="checkbox"/> | (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.   |

\*\*For conditions of confidential treatment of certain portions of this filing, see Section 240.17a-5(e)(3).

**DONAHUE ASSOCIATES, L.L.C.**  
**27 BEACH ROAD, SUITE CO5-A**  
**MONMOUTH BEACH, NJ. 07750**  
**Phone: (732) 229-7723**

**Independent Auditor's Report**

The Shareholder  
Smith Asset Management Inc.

We have audited the accompanying balance sheet of Smith Asset Management Inc. as of December 31, 2011 and the related statement of operations and changes in shareholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements presented are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Smith Asset Management Inc. as of December 31, 2011 and the related statement of operations and changes in shareholder's equity, and cash flows for the year then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

Donahue Associates LLC  
Monmouth Beach, New Jersey  
February 20, 2012

**Smith Asset Management Inc.**  
**Balance Sheet**  
**As of December 31, 2011**

**ASSETS**

Current assets:

Cash & cash equivalents	\$6,350
Due from clearing broker	<u>70,222</u>
Total Current Assets	\$76,572

Other asset:

Security deposit	<u>11,793</u>
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Total Assets	<u><u>\$88,365</u></u>
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**LIABILITIES & SHAREHOLDER'S EQUITY**

Current liabilities:

Accounts payable & accrued expenses	<u>\$49,387</u>
Total Current Liabilities	\$49,387

Shareholder's Equity:

Common stock: 200 shares authorized, stated value \$1	
200 shares issued and outstanding	\$200
Additional paid in capital	311,041
Retained deficit	<u>(272,263)</u>
Shareholder's equity	<u>38,978</u>

Total Liabilities & Shareholder's Equity	<u><u>\$88,365</u></u>
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**Please see the notes to the financial statements.**